



# Business Innovation: Rising to the Challenge

Streamlining workflow and introducing new products or services are common ways to increase revenue. Businesses often focus on process and product innovations since they've been proven to work. But times have changed. Inward-focused business innovation may no longer be enough to support long-term viability.

An economic crisis, like the one created by COVID-19, can quickly disrupt business models, affect customer relationships, and redefine competition. Business leaders will need to re-examine what it means to be innovative in their sector. Fortunately, the crisis offers unique opportunities to embrace a new normal. Companies who plan to wait for the return to "business as usual" could be disappointed.

## Customer Needs Have Changed

COVID-19 has transformed everything about our lives. Not surprisingly, purchasing behaviors have also changed to mirror health and economic concerns about the future. Customers still have basic needs and will seek companies that understand those needs.

It's the businesses that can fill those needs in a way that aligns with customer preferences that will survive long-term. Expect those preferences to continue to change as consumers adapt their new habits and behaviors post-COVID-19. We're already seeing consumers:

- Increase their financial support of local businesses
- Choose to work remotely, when possible
- Rely on technology as a means to discover new products or services
- Use digital channels to make purchases

Meet your customers where they're at emotionally and financially to discover the next level of business innovation at your company.

## Customer Expectations Have Changed

As stay-at-home orders required workers and families to limit interaction with other people, many customers who were once tech resistant took a chance to order groceries, complete banking transactions, and conduct other routine activities using technology. Businesses who don't provide a convenient, safe way to shop and complete transactions are likely to lose customers to more innovative companies. And, with most companies now offering alternatives to in-person transactions, excellent service is key to retaining customers.

## Waiting to Innovate Could Harm Your Business

Some businesses are in "wait and see" mode. They've retreated into a low-risk posture by focusing on core products and services while conserving cash. This could be a mistake. According to McKinsey & Company, a U.S.-based management consulting firm, businesses who aren't taking urgent action to adapt to customer needs during COVID-19 and the subsequent recovery period may be headed for trouble. They suggest businesses take the following actions amid a changing landscape:

→ Identify new opportunities and act quickly

→ Rethink current innovation initiatives

→ Plan now for post-COVID-19 crisis growth

The firm cites the 2009 financial crisis as an example of how organizations that focused on innovation emerged stronger up to five years post-recovery.



## Spark Business Innovation Ideas for a COVID-19 Environment (and Beyond)

→ Seek open collaboration with other businesses. Partnerships with different companies can reveal numerous opportunities to create increased value for customers.

→ Identify how your customers' lives have permanently changed because of the crisis. How does your business model still serve your ideal customer?

→ Create hypothetical scenarios to uncover real opportunities for innovation. How would your business survive if it was forced to reduce production costs by half? What if your business experienced an unfavorable regulatory change? If these situations came to fruition, what innovations would you implement to ensure your business remained operational and increased profitability?

→ Speak with your banking partner to better understand the digital conveniences available to you and your customers.

As you look to innovate in the current and future environment, don't expect perfection. Your ability to stay flexible during these times can help strengthen your company and place it among industry leaders.

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